



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony Insurance and Real Estate Committee March 8, 2016

House Bill No. 5520 An Act Concerning Homeowners and Motor Vehicle Insurance Policies.

Senator Crisco, Representative Megna, Ranking Members, and members of the Insurance and Real Estate Committee, the Insurance Department appreciates the opportunity to submit written testimony in opposition to **House Bill No. 5520 An Act Concerning Homeowners and Motor Vehicle Insurance Policies.**

Section 3 of the bill concerns the methods that an insurer may use to notify an insured of the cancellation of his or her motor vehicle insurance policy. Current law permits insurers to send a notice of cancellation by mail evidenced by a certificate of mailing. The proposed legislation mandates that the only method to notify an insured of the cancellation of a motor vehicle insurance policy is by registered or certified mail, return receipt requested. The Department believes that eliminating the long-standing use of "certificate of mailing" procedures – as fully discussed and upheld by the Connecticut Supreme Court in the case of *Echavarria v. National Grange Mutual Ins. Co.*, 275 Conn. 408 (2005) – would result in additional costs to insureds since only actual receipt of a cancellation notice by certified mail, return receipt requested, would satisfy proper cancellation notice. Insurers would be required to change their procedures for processing motor vehicle cancellation notices resulting in additional costs that insurers may seek to reflect in Connecticut motor vehicle insurance rates. For these reasons, the Department believes that long-standing procedures for providing cancellation notice should not be changed.

In addition to the above, the Department does not fully understand the provisions in Section 4 of the bill dealing with the limitation offering of minimum motor vehicle liability limits. For example, a number of insurers offer single limit motor vehicle insurance policies and the Department is unclear how this proposal would apply in those situations.

The Department thanks the Insurance and Real Estate Committee Chairs and members for the opportunity to submit testimony on H.B. 5520.

About the Connecticut Insurance Department: The mission of the Connecticut Insurance Department is to protect consumers through regulation of the industry, outreach, education and advocacy. The Department recovers an average of more than \$4 million yearly on behalf of consumers and regulates the industry by ensuring carriers adhere to state insurance laws and regulations and are financially solvent to pay claims. The Department's annual budget is funded through assessments from the insurance industry. For every dollar of direct expense, the Department brings in about \$7.45 to the state in revenues. Each year, the Department returns more than \$215 million in assessments, fees and penalties to the state's General Fund.